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DEC 19 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

Federal-State Joint Board on
Universal Service

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CC Docket No. 96-45

COMMENTS OF WORLDCom

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SUMMARY

WorldCom believes that, for the most part, the Joint Board's Recommended Decision offers a well-reasoned and solid foundation for the Commission's final decision in this proceeding. In particular, WorldCom applauds the Joint Board's recommendation to adopt competitive neutrality as an additional guiding principle, and urges the Commission to invoke the principle to strike down competitively-skewed universal service laws such as the recently enacted statute in the state of Texas. The Joint Board's proposed definition of universal service, and its recommended criteria for determining eligible carriers, are also generally sound.

For rural and high-cost areas, WorldCom strongly supports the Joint Board's endorsement of forward-looking economic costs, and the selection of a proxy cost model that encompasses many of the positive attributes of the Hatfield model. WorldCom also believes that a national affordability benchmark for high cost areas should be used that is competitively-neutral, administratively simple, and allows reduction in high cost support over time. If this benchmark is based on national average revenues per line, it must include all local, vertical, and access revenues. The recommended expansion of existing Lifeline and Link-Up programs for low-income consumers, and the broad range of support suggested by the Joint Board, appear reasonable as well.

At the same time, WorldCom has serious concerns about discrete but significant aspects of the Recommended Decision which the Commission must correct:

- The Commission should include equal access to interexchange service as a necessary component of universal service.
- The Commission should specify that the category of potential eligible carriers includes those carriers which lease and utilize the ILECs' unbundled network elements, either

singly or in combination.

- The Commission must clarify that the proposed transition plan for rural carriers in high-cost areas requires competitively-neutral contributions from all telecommunications service providers, not just IXC's.
- The Commission should revisit several aspects of the Joint Board's proposal for schools and libraries, including the excessive size of the fund, the recurring nature of the funding mechanism, and the lack of regular, systematic Commission review. The recommended inclusion of inside wiring and other internal connections in the schools and libraries program also should be rejected as legally and practically insupportable.
- The Commission should adopt a funding mechanism for health care providers that is capped at a reasonable level and provides support only for services directly related to medical need.

In particular, the Commission should not adopt many of the Joint Board's flawed proposals concerning the current interstate access charge regime:

- The Commission should reject as economically unsound the Joint Board's recommendation to decrease the SLC (and to split decreases in LTS and payphone expenses between the SLC and CCL charge).
- The Commission should eliminate the subsidy-ridden CCL charge completely. In so doing, the FCC should decline to accept the Joint Board's suggestion to replace the CCL charge with a flat-rated PIC-based charge because such a charge would discriminate blatantly against interexchange carriers and fail to impose costs on actual cost causers.
- The Commission should allow carriers to recover their universal service costs via an

explicit retail surcharge on end users, based on each carrier's total interstate and intrastate revenues.

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COMMENTS OF WORLDCOM

WorldCom, Inc. ("WorldCom") hereby files its comments in response to the Public Notice ("Notice"), DA 96-1891, released by the Commission on November 18, 1996 in the above-referenced proceeding. The Notice seeks comments on a wide range of issues presented for discussion in the Recommended Decision adopted on November 7, 1996 by the Federal-State Joint Board on Universal Service ("Joint Board").¹ The Notice also invites interested parties to "file comments on the Joint Board's recommendations and on the Commission's legal authority to implement such recommendations." As one of the four largest facilities-based interexchange carriers ("IXCs") in the United States, WorldCom has a substantial interest in the outcome of this proceeding.

I. INTRODUCTION AND SUMMARY

WorldCom applauds the Joint Board for the hard work and careful reasoning that comprises the bulk of the Recommended Decision. In its initial and reply comments to the Board, WorldCom advocated a vigorous but narrowly-tailored universal service obligation that is shouldered by all service providers on an explicit, nondiscriminatory, and competitively-

¹ Recommended Decision of the Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 96J-3, released November 8, 1996 ("Recommended Decision").

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neutral basis.² For the most part, the Recommended Decision appears to abide by this view.

The Joint Board decision offers a solid foundation for the Commission's final decision in this proceeding. In particular, WorldCom applauds the Joint Board's recommendation that the Commission adopt competitive neutrality as an additional guiding principle. The Joint Board's proposed definition of universal service and its recommended criteria for determining eligible carriers are also generally sound. For rural and high cost areas, the Joint Board is certainly correct to support the use of forward-looking economic costs, and the selection of a proxy cost model that encompasses many of the positive attributes of the Hatfield model. WorldCom also believes that a national affordability benchmark for high cost areas should be used that is competitively-neutral, administratively simple, and allows reduction in high cost support over time. If this benchmark is based on national average revenues per line, as the Joint Board recommends, it must include all local, vertical, and access revenues. In addition, the recommended expansion of existing Lifeline and Link-Up programs, and the broad range of support suggested, appear reasonable as well. WorldCom also favors adoption of a revised version of the Joint Board's proposed universal service programs for schools, libraries, and health care providers

At the same time, WorldCom has serious concerns about discrete but significant aspects of the Recommended Decision. WorldCom believes the Commission should require the

² Comments of LDDS WorldCom, CC Docket No. 96-45, filed April 12, 1996 ("WorldCom Comments"); Reply Comments of LDDS WorldCom, CC Docket No. 96-45, filed May 7, 1996 ("WorldCom Reply Comments").

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inclusion of equal access to interexchange service as a necessary component of universal service. The category of potential eligible carriers should expressly include carriers which lease and utilize the ILECs' unbundled network elements, either singly or in combination. The Commission must also clarify that the proposed transition plan for rural carriers in high cost areas requires competitively-neutral contributions from all telecommunications service providers, not just IXC's. WorldCom is also troubled by several elements of the Joint Board's schools and libraries proposal, including the total size of the fund, its recurring nature, and the lack of systematic and regular FCC review of the funding mechanism. Moreover, the recommended inclusion of inside wiring and other internal connections in the schools and libraries program is legally and practically insupportable. The Commission must also adopt a funding mechanism for health care providers that is capped at a reasonable level and provides support only for services directly related to medical need.

Many of the Joint Board's proposals concerning interstate access charges are also flawed. In particular, WorldCom believes that the recommendation to decrease the SLC is procedurally deficient and economically unsound. The Commission also should not adopt the Joint Board's suggestion to replace the current subsidy-ridden CCL with a PIC-based charge because such a charge would violate the 1996 Act by blatantly discriminating against interexchange carriers and failing to impose costs on the actual cost causers. The Commission should allow carriers to recover their universal service costs via an explicit retail surcharge on end users, based on total interstate and intrastate revenues.

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For ease of reference, WorldCom's comments herein address the relevant issues in the order they are presented in the Recommended Decision. To the extent WorldCom's comments do not address certain aspects of the Recommended Decision, WorldCom reserves the right to discuss those aspects in its reply comments.

II. THE COMMISSION SHOULD ADOPT A MODIFIED VERSION OF THE JOINT BOARD'S RECOMMENDED DECISION

A. Principles

1. The Recommended Decision

In its initial comments in this proceeding, WorldCom strongly supported the proposed adoption of competitive neutrality as an additional, nonstatutory principle to guide the Commission and the states in defining and implementing universal service.³ The Joint Board agrees, stating that the Commission should base its policies for the preservation and advancement of universal service on the principle that "[u]niversal service support mechanisms and rules should be applied in a competitively neutral manner."⁴ WorldCom applauds the Joint Board's recommendation, and urges the Commission to adopt this portion of the Recommended Decision.

2. Further Questions

The Commission's Public Notice asks for additional comments on how the

³ WorldCom Comments at 5-7.

⁴ Recommended Decision at para. 23.

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proposed new principle of competitive neutrality should be "defined and applied within the context of universal service."

WorldCom believes that the hallmark of the concept of competitive neutrality is that all contributions to, and disbursements from, any federal or state universal service funds must be accomplished in an equitable and nondiscriminatory manner. As the Joint Board itself proposes, "the principle of competitive neutrality should be applied to each and every recipient and contributor to the universal service support mechanisms, regardless of size, status, or geographic location."⁵ Further, the Board indicates, "the principle of competitive neutrality encompasses the concept of technological neutrality."⁶ WorldCom agrees. The Commission's rules should make it absolutely clear that no universal service plan should advantage one type of carrier, or one form of technology, over another. Whether incumbent ILEC, new entrant IXC, or wireless CAP or CLEC -- of whatever size -- all entities that meet the statutory criteria for eligibility must be treated the same. Any state or federal rule that violates this fundamental principle must be struck down.

The concept of competitive neutrality also enhances and clarifies other statutory requirements and principles. In particular, the new principle buttresses Section 254(b)(4) of the Act, which requires "equitable and nondiscriminatory contribution" by "all providers."⁷ The

⁵ Recommended Decision at para. 23.

⁶ Id.

⁷ 47 U.S.C. § 254(b)(4).

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definition also should embody the notion of portability, in that the subsidy moves freely with the consumer from one carrier to another. Portability entails maximum competitive choice in the market because the end user has the ultimate say in selecting a local carrier. In addition, competitive neutrality heightens the need for all support to be recovered in a "specific" and "explicit" manner, thereby giving no one carrier access to an implicit subsidy in the marketplace.⁸

Competitive neutrality also should be interpreted to mean that universal service support mechanisms must not unreasonably advantage one carrier over another. All such funding mechanisms must be completely fair and equitable, with no arbitrage or gamesmanship condoned. In this vein, WorldCom believes that universal service support cannot be used as an indirect means of guaranteeing or protecting the market share or revenue stream of any telecommunications carrier -- especially, of course, the ILECs. In short, universal service cannot be used as a shield to protect profits, nor as a sword that unreasonably promotes one class of carriers over another.

Unfortunately, there are several recent state actions that constitute a blatant violation of this competitive neutrality principle (as well as many other express provisions of the 1996 Act). A prime example is Section 3.608 of the Texas Public Utility Regulatory Act of 1995, which requires the Texas Public Service Commission to "replace" any revenues that, due to changes in certain state or federal regulations, no longer can be collected by the local

⁸ 47 U.S.C. §§ 254(b)(5), 254(e).

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exchange carrier.⁹ In particular, Section 3.608(b)(3) of the PURA requires the state commission to replace ILEC revenues where an FCC order, rule, or policy "change[s] the federal universal service fund revenues of a local exchange company or changes costs or revenues assigned to the intrastate jurisdiction...."¹⁰ While portions of the Texas statute are excellent candidates for FCC preemptive action pursuant to Section 253(d) of the 1996 Act,¹¹ this particular provision obviously violates several separate dictates of Section 254 as well.

For purposes of this proceeding, the Commission should declare that the Texas statutory provisions -- as well as any similar state laws, regulations, or policies -- violate the new principle of competitive neutrality because they would render any changes in universal service "revenue-neutral" from the perspective of ILECs.¹² As indicated above, no entity should be able to use universal service funding to guarantee itself a certain revenue stream. Such a result would prove that the universal service funding mechanism employed is

⁹ TEX. REV. CIV. STAT. ANN. art. 1446c (West 1996), codifying The Public Utility Regulatory Act of 1995 ("PURA"), at Section 3.608.

¹⁰ Id. at Section 3.608(b)(3).

¹¹ 47 U.S.C. § 253(d).

¹² The Commission should also review a Kansas statute that recently established a new Kansas universal service fund, or "KUSF," as of January 1, 1997, the initial amount of which is comprised of "local exchange carrier revenues lost as a result of rate rebalancing" under the Act. KAN. STAT. ANN. 66-2008, codifying Kansas House Bill 2728, at sect. 9. The Kansas statute specifies that these revenues "shall be recovered on a revenue neutral basis." Id. The Commission must carefully examine, and be prepared to preempt, any state provision that somehow guarantees certain revenues to the ILEC in the guise of a new universal service plan.

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discriminatory and anticompetitive. Thus, the Commission should enunciate the central importance of its competitive neutrality principle by prohibiting the states from taking any action pursuant to provisions like those adopted in Texas.

Finally, as part of the new principle of competitive neutrality, the Commission should tie the effectiveness of implementation of interstate access charge reform to implementation of universal service. The Joint Board has recommended that the high cost portion of the new universal service rules should take effect on January 1, 1998.¹³ Until that date, however, it appears that the current universal service program -- a discriminatory and competitively skewed funding scheme which only IXC's must support and only ILEC's can receive -- will remain in place. This result plainly violates the statutory principle that "all providers" must make "equitable and nondiscriminatory contribution" to support universal service.¹⁴ The ILEC's should not be allowed to profit unreasonably from the vestiges of monopoly by "double counting" subsidy-ridden access charge revenues and universal service support during that crucial transition period.

Therefore, WorldCom urges the Commission to order the removal of all universal service subsidies from interstate access charges as soon as possible, but no later than July 1, 1997. Further, the Commission should forbid the ILEC's from receiving any additional universal service support in their interstate access charges. This prohibition is especially important with

¹³ Recommended Decision at para. 355.

¹⁴ 47 U.S.C. § 254(b)(4).

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respect to the RBOCs as they begin to petition to enter the long distance market. It would make a complete mockery of the 1996 Act for the RBOCs to be allowed to provide in-region interLATA service while double-recovering explicit and implicit subsidies via both their current interstate access charges and the new universal service fund. Only by divorcing access and universal service quickly and completely can the principle of competitive neutrality be advanced to the ultimate benefit of consumers and competition.

B. Definition of Universal Service

1. The Recommended Decision

The Joint Board adopts most of the core services outlined in the Notice, including voice grade access to the public switched network, dual-tone multi-frequency signalling, single party service, and access to emergency services, operator services, interexchange services, and directory assistance.¹⁵ Although the Joint Board agrees with WorldCom in adopting "access to interexchange carriers" as a core universal service, it declines "at this time" to take the next logical step to mandate equal access to long distance service.¹⁶ While acknowledging the importance of equal access to interexchange service, the Board expresses concerns about potential upgrade costs for wireless carriers that do not currently provide equal access.

WorldCom continues to strongly believe that equal access to interexchange service

¹⁵ Recommended Decision at para. 67.

¹⁶ Recommended Decision at para. 66.

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is a necessary recipient of universal service support. The ability of a consumer to place a "1 + " telephone call via the long distance carrier of his or her choice is an intrinsic component of basic telephone service. Perhaps for this reason, very few commenters bothered to oppose universal service support for IXC equal access.¹⁷ The Joint Board's stated concern about the limited capabilities of wireless service providers, while laudable, should not impede other carriers from supporting equal access as part of a full array of universal services. Indeed, the Joint Board's decision on this point violates the competitive neutrality principle because it favors one discrete class of carriers (CMRS providers) over all other carriers that seek to provide equal access as part of universal service.

WorldCom notes that, in another context, the Board recommends that the Commission expressly support additional universal services, beyond the core group, "to the extent eligible carriers are providing these important services."¹⁸ Moreover, carriers also may request and receive waivers from any requirement to provide certain discrete universal services.¹⁹ These two mechanisms appear to all but eliminate any concerns about the capabilities of wireless service providers. Thus, WorldCom urges the Commission to include equal access to interexchange services as part of universal service. Should wireless service providers be unable to provide IXC equal access, the Commission should either: (1) support IXC

¹⁷ WorldCom Reply Comments at 7.

¹⁸ Recommended Decision at para. 82.

¹⁹ Recommended Decision at para. 83.

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equal access as an "additional" service where eligible carriers are able and willing to provide it, or (2) support IXC equal access across-the-board, but allow CMRS providers to file for waivers. In either case, the Commission should allow carriers to provide, and consumers to receive, what the Board itself acknowledges to be "the importance of equal access to interexchange service..."²⁰

The Joint Board also recommends that support for designated services be limited to single line connections to residential subscribers, and to single-connection businesses in rural and high cost areas.²¹ WorldCom suggested this concept in its comments,²² and urges the Commission to adopt it here. WorldCom also supports the Joint Board's decision to refrain from mandating that eligible carriers meet specific technical standards established by the Commission; such standards can be left to the states, or (preferably) the market.²³ Finally, WorldCom agrees with the Joint Board's recommendation that the Commission revisit its definition of universal service no later than January 1, 2001.²⁴

²⁰ Recommended Decision at para. 66.

²¹ Recommended Decision at paras. 89-91.

²² WorldCom Comments at 9-10; WorldCom Reply Comments at 9-10.

²³ Recommended Decision at para. 104.

²⁴ Recommended Decision at para. 110.

2. Further Questions

The Public Notice does not ask further questions on this issue.

C. Affordability

1. The Recommended Decision

The 1996 Act states that "[q]uality services should be available at just, reasonable, and affordable rates."²⁵ The Joint Board concludes that price alone does not effectively address the concept of affordability, but rather that "factors other than rates, such as local calling area size, income levels, cost of living, population density, and other socio-economic indicators may affect affordability."²⁶ In accordance with these factors, the Joint Board recommends that the states exercise primary responsibility for determining the affordability of rates.²⁷ The Board explicitly rejects the notion of a nationwide affordable rate.²⁸

WorldCom supports the concept that something more than current rates, such as the size of the local calling area, determines what constitutes affordability. Rates are only part of the equation in determining affordability. For example, if the size of the local calling area is the metropolitan Atlanta region, the relative value of this large calling zone to the local

²⁵ 47 U.S.C. § 254(b)(1).

²⁶ Recommended Decision at para. 126.

²⁷ Recommended Decision at para. 131.

²⁸ Id.

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telephone subscriber should be accounted for in any determination of affordability. One caveat is that state commissions should not be allowed to use the concept of affordability as a means of resolving the political pressures of expanded area service (EAS).

Further, while WorldCom does not necessarily oppose giving the individual states some role in deciding affordability, the Commission must remain deeply involved in this determination on a formal basis in order to ensure some commonality between states. WorldCom agrees with the Joint Board's comment that the Commission "continue to oversee the development of the concept of affordability" and "may take action to ensure rates are affordable, where necessary and appropriate."²⁹ The dual definitional role between the FCC and the states must be carefully delineated by the Commission.

2. Further Questions

The Public Notice does not ask further questions on this issue.

D. Carriers Eligible for Universal Service Support

1. The Recommended Decision

The Joint Board recommends adoption of the full text of Section 214(e)(1) of the Act, which establishes the statutory criteria for carrier eligibility,³⁰ and proposes that no

²⁹ Recommended Decision at para. 131.

³⁰ 47 U.S.C. § 214(e).

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additional eligibility criteria be adopted by the Commission or the states.³¹ In interpreting the statutory provision, the Board states that "the plain meaning of the provision is that a carrier would be eligible for universal service support if it offers all of the specified services throughout the service area using its own facilities or using its own facilities in combination with the resale of the specified services purchased from another carrier."³²

WorldCom strongly supports the Joint Board's recommended interpretation of Section 214(e)(1). In particular, neither the Commission nor the states are empowered to delineate any eligibility requirements that exceed those already contained in Section 214(e). In fact, the Commission should clearly announce its intention to preempt any state that attempts such a stance.

Moreover, WorldCom supports the view that the category of potential eligible carriers includes those carriers which use, singly or in combination, unbundled network elements acquired from the ILECs pursuant to Section 251(c)(3).³³ In its comments, WorldCom explained that the "facilities" referred to in Section 214(e) includes those facilities leased from ILECs in the form of unbundled network elements.³⁴ Most parties commenting on this issue supported WorldCom's view that a carrier utilizing an ILEC's network elements in effect steps

³¹ Recommended Decision at para. 156.

³² Recommended Decision at para. 160.

³³ Recommended Decision at paras. 160-161.

³⁴ WorldCom Comments at 7.

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into that ILEC's shoes and becomes the facilities provider itself.³⁵ Therefore, in determining who is an eligible carrier, the Commission must direct the states to include carriers leasing (on an unbundled or combined basis) an ILEC's unbundled network elements.

WorldCom agrees with the Joint Board's view that the 1996 Act gives the states authority to designate the area throughout which a carrier must provide universal service.³⁶ The Joint Board also is correct that "the geographic size of the state designated service areas should not be unreasonably large," and indeed should be "of sufficiently small geographic scope to permit efficient targeting of high cost support and to facilitate entry by competing carriers."³⁷ WorldCom believes that new entrants should not be disadvantaged by unreasonably large areas that will require similarly sized start-up costs. Nor should ILECs be unduly advantaged by service areas that correspond closely or precisely to the contours of their existing facilities. WorldCom also supports the Joint Board's reasonable proposal that the states retain the service territory served by rural carriers as the designated support area.³⁸

Finally, the Joint Board suggests that the states may be the best forum to address the issue of how carriers advertise the availability of universal service throughout their service

³⁵ WorldCom Reply Comments at 4-5.

³⁶ Recommended Decision at para. 175.

³⁷ Recommended Decision at paras. 176, 175.

³⁸ Recommended Decision at para. 172.

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areas.³⁹ WorldCom is concerned, however, that the states not apply an overly burdensome advertising obligation on local carriers. Competition by itself should prove more than sufficient to spur local carriers to publicly advertise the availability of their services. The Commission should advise the states to refrain from imposing specific or extensive advertising requirements, especially when such requirements would unduly burden new entrants.

2. Further Questions

The Public Notice does not ask further questions on this issue.

E. High Cost Support

1. The Recommended Decision

The Joint Board supports the adoption of proxy cost models for determining universal service support levels, but declines to adopt any particular model because "none of those submitted in this proceeding are sufficiently developed to allow us to recommend a specific model at this time."⁴⁰ Instead, the Joint Board adopts eight criteria for the Commission to consider in selecting a proxy model, including incorporating the "least-cost, most efficient and reasonable technology" and utilizing "forward-looking costs" with a "reasonable allocation of

³⁹ Recommended Decision at para. 164.

⁴⁰ Recommended Decision at para. 268.

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joint and common costs."⁴¹ The Joint Board concludes that forward-looking economic costs should be used in determining the cost of providing universal service because such a methodology "best approximates the costs that would be incurred by an efficient competitor entering that market."⁴²

WorldCom favors the use of a properly-designed proxy model for determining the economic costs of providing universal service.⁴³ At the present time, the so-called "Hatfield model" appears to meet all the principles established by the Joint Board. In particular, WorldCom strongly supports the Joint Board's endorsement of a model based on forward-looking costs.⁴⁴ The Joint Board is correct that support based on the embedded costs of the ILECs "could jeopardize the provision of universal service."⁴⁵ In contrast, use of long-run incremental costs gives appropriate economic signals to competing carriers and consumers, ensures efficient market entry, and replicates the end result of competitive markets. In the Local Interconnection Order, the Commission adopted the Total Element Long Run Incremental Cost (TELRIC) standard for interconnection and unbundled network elements because such a forward-looking methodology "simulates the conditions in a competitive marketplace" and allows carriers

⁴¹ Recommended Decision at para. 277.

⁴² Recommended Decision at para. 270.

⁴³ WorldCom Comments at 12; WorldCom Reply Comments at 12-13.

⁴⁴ See WorldCom Reply Comments at 11-12.

⁴⁵ Recommended Decision at para. 275.

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"to produce efficiently and to compete effectively, which should drive retail prices to their competitive levels."⁴⁶ In this proceeding, WorldCom urges the Commission to adopt a forward-looking costing methodology to determine the cost of providing supported services in particular geographic areas.

WorldCom also approves of the Joint Board's request that the Commission hold workshops on selected proxy models starting in January 1997, where the FCC and states can work together to come up with a model that best fits the principles outlined in the Recommended Decision.⁴⁷ These workshops likely will be very important in the final selection of a proxy model, and WorldCom intends to be an active participant.⁴⁸

The Joint Board recommends that rural companies be allowed to phase in the use of proxy cost models over a six year period, using embedded costs for the first three years and then gradually transitioning to a proxy model over the next three years.⁴⁹ The Board also recommends that support payments from the High Cost Fund, DEM weighting, and Long Term Support (LTS) be frozen on a per-line basis for three years beginning January 1, 1998, and that

⁴⁶ Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, First Report and Order, FCC 96-325, issued August 8, 1996, at para. 679 ("Local Interconnection Order").

⁴⁷ Recommended Decision at paras. 281, 277.

⁴⁸ See Public Notice, "Federal-State Joint Board on Universal Service: Staff to Hold Workshops on Proxy Cost Models on January 14-15, 1997," CC Docket No. 96-45, DA 96-2091, released December 12, 1996.

⁴⁹ Recommended Decision at paras. 272, 283-298.

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these frozen payments should be portable, so that any eligible carrier can assume them.⁵⁰

WorldCom is deeply troubled about one important aspect of the Joint Board's recommendation. WorldCom supports the concept of a reasonable transition period for rural LECs, and does not necessarily oppose the proposal to freeze universal service support payments as long as those payments are made portable to all eligible carriers.⁵¹ However, it appears that the Joint Board's recommended transition plan may also freeze the universe of contributors to that support as well. If this is the case, WorldCom strongly objects.

Any transition plan adopted by the Commission must abide by Section 254 of the Act, and in particular the statutory nondiscrimination principle and the competitive neutrality principle, requiring that all contributors and all recipients be placed on the same competitive footing. While the Joint Board is certainly correct to make the support portable for all carriers, it is patently unreasonable and unlawful to only require interexchange carriers to actually provide the support. All other telecommunications carriers -- including the ILECs -- must contribute to this transitional support mechanism for rural carriers as well.

The Joint Board also recommends that the FCC set a nationwide affordability

⁵⁰ Recommended Decision at paras. 272, 296, 356.

⁵¹ WorldCom also seeks some clarification of what constitutes a rural area. The Joint Board seems to suggest that a rural area is defined as a service area served by a rural telephone company, which in turn is defined in the statute. See 47 U.S.C. § 153(37). If so, WorldCom questions whether such a circuitous reasoning process should be used to determine rural areas under the statute.